



STEVE COOLEY
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November 1, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT 13th YEAR GRANT
FUNDS FROM THE STATE OF CALIFORNIA DEPARTMENT OF
INSURANCE (SCDI) FOR THE WORKERS' COMPENSATION INSURANCE
FRAUD (WCIF) PROGRAM FOR FISCAL YEAR 2005-06
(ALL DISTRICTS) (3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the enclosed Resolution authorizing the District Attorney to accept grant funds for the WCIF Program from SCDI. Funds in the amount of \$3,850,000 have been awarded for the period of July 1, 2005 through June 30, 2006.
2. Authorize the District Attorney to execute the Grant Award Agreement (GAA) on behalf of the County of Los Angeles.
3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as project director and to sign and approve any revisions to the Grant Award Agreement that do not increase the net County cost of the agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On April 28, 2005, the District Attorney submitted an application to SCDI to continue funding for the WCIF Program in FY 2005-06. A Grant Award Letter was received on July 11, 2005 for the amount \$3,850,000. The SCDI has awarded funding for the WCIF Program for the past twelve years. The grant will be used solely to investigate and prosecute workers' compensation fraud cases, and cases relating to the willful failure of employers to remit payments into workers' compensation programs designed to protect employees.

As part of the GAA, SCDI requires an approved resolution by the County's Board of Supervisors. The enclosed resolution has been approved as to form by County Counsel.

Implementation of Strategic Plan Goals

Acceptance of the grant funds supports the County's Strategic Plan Goal No. 4, Fiscal Responsibility, by securing an available revenue source at the State level. This program directly supports the District Attorney's core mission of prevention, deterrence and prosecution of felony crime, throughout the County.

FISCAL IMPACT/FINANCING

Funding for this program was included in the department's 2005-06 budget. The amount of \$3,850,000 has been awarded to the Los Angeles County District Attorney's Office for the WCIF Program covering the period of July 1, 2005 to June 30, 2006. This is a 14% decrease from the previous grant award amount. Program adjustments have been made to ensure costs will be fully offset by the grant award.

This grant will fund 24 full-time and 4 part-time positions as reported on the attached Grant Management Statement.

If funding for this program were terminated, an evaluation would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the provisions of Section 1872.83 of the California Insurance Code, the State Department of Insurance is authorized to award and distribute funds to district attorneys submitting plans approved by the Bureau of Fraudulent Claims for the increased investigation and prosecution of fraudulent workers' compensation claims.

The objective of the Los Angeles County District Attorney's Workers' Compensation Insurance Fraud Program is the prevention, deterrence and prosecution of those abusing the workers' compensation system by criminal methods.

The WCIF Program has reported the following:

	<u>FY02-03</u>	<u>FY03-04</u>	<u>FY04-05</u>
Number of suspected Fraud Claims reviewed	611	908	786
Number of new (investigation) cases	103	98	134
Number of new case filings/indictments initiated	51	44	39
Number of defendants convicted	43	49	32

There were a total of 70 cases in court during FY 04-05 with 124 defendants that included total chargeable fraud amounts of \$6,784,056.44. This is an increase from FY 03-04 which reported 70 cases in court, 96 defendants and total chargeable fraud of \$5,692,921.24

The FY2005-06 WCIF Program goals include the initiation of 100 new investigations and 65 new prosecutions.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This program does not propose attorney staff augmentation. Therefore, the District Attorney's Office is not subject to the Board motion of December 15, 1998 requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments.


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CONCLUSION

Acceptance of these grant funds is strongly recommended.

Following Board approval on this program, the Executive Officer-Clerk of the Board is requested to return a copy of the adopted Board letter and two (2) copies of the executed Resolution, containing original signatures, to Emily Aidells, Contracts and Grants Unit, Los Angeles County District Attorney's Office, 201 North Figueroa Street, Suite 1300, Los Angeles, California 90012. Any questions may be directed to Ms. Aidells at (213) 202-7674.

Very truly yours,


STEVE COOLEY
District Attorney

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Enclosures

c: Chief Administrative Officer
County Counsel

Los Angeles County Chief Administrative Office
Grant Management Statement for Grants Exceeding \$100,000

Department: District Attorney

Grant Project Title and Description

Workers' Compensation Insurance Fraud Program

The focus of this program is to enhance prosecutorial efforts in ongoing criminal investigations and prosecution of workers' compensation insurance fraud. These grant funds will allow the District Attorney's Office to continue its collaborative efforts with the State of California, Department of Insurance (SCDI) to investigate and prosecute unscrupulous doctors, chiropractors, and lawyers engaged in workers' compensation insurance fraud.

Funding Agency
California Department of
Insurance

Program (Fed. Grant # /State Bill or Code #)
California Insurance Code Section
1872.83

Grant Acceptance Deadline

Total Amount of Grant Funding: \$3,850,000
Grant Period: FY2005-2006 Begin Date: July 1, 2005
Number of Personnel Hired Under This Grant: 28

County Match: \$0
End Date: June 30, 2006
Full Time: 24 Part Time: 4

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

b). Identify other revenue sources Yes ☐ No ☒
(Describe) _____

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

55 Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department Head Signature _____

S. L. Carr

Date 9/20/05

1 **BOARD OF SUPERVISORS**
2 **COUNTY OF LOS ANGELES**
3 **RESOLUTION**

4 Authorization to Accept a Grant Award from the
5 State of California, Department of Insurance
6 Pursuant to California Insurance Code

7 Chapter 12 commencing with Section 1871, et seq.

8 **WHEREAS**, the provisions of Section 1872.8 of the California
9 Insurance Code authorize the State Department of Insurance to award and
10 distribute certain funds to district attorneys submitting plans approved by the
11 Bureau of Fraudulent Claims for the increased investigation and prosecution
12 of fraudulent workers' compensation claims; and the District Attorney is
13 charged with providing prosecution of all felony offenses committed within
14 this County; and

15 **WHEREAS**, the Board of Supervisors of Los Angeles County
16 recognizes that fraudulent claims are costing our citizens millions of dollars
17 annually, with thousands of jobs being lost due to local business closures
18 precipitated by escalating workers' compensation costs caused by fraud; and

19 **WHEREAS**, the County of Los Angeles, acting through its Board
20 of Supervisors, desires to combat workers' compensation insurance fraud by
21 undertaking a certain project designated the "Workers' Compensation
22 Insurance Fraud Program" by the District Attorney to be funded through
23 funds made available by the Insurance Fraud Prevention Act as provided for
24 pursuant to California Insurance Code 1872.83, administered by the
25 California Department of Insurance; and

26 **WHEREAS**, the State of California Department of Insurance approved
the fraud reduction plan submitted by the Los Angeles County District Attorney's

Office for Fiscal Year 2005-2006, for the Workers' Compensation Insurance Fraud Program for this specific task.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of Los Angeles hereby authorizes and approves acceptance of grant funds from the State of California, Department of Insurance, to be used exclusively for the program designated the "Workers' Compensation Insurance Fraud Program" for the period covering July 1, 2005 to June 30, 2006;

BE IT FURTHER RESOLVED that the County of Los Angeles hereby authorizes the District Attorney to serve as Project Director and to perform all further tasks necessary for the completion of the project, including any extensions, execution and submission of amendments, progress reports, and payment requests relating to the Grant Award Agreement;

I DO HEREBY CERTIFY that at a regular meeting of the Board of Supervisors of the County of Los Angeles, on this _____ day of _____, 2005, the forgoing Resolution was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Board of Supervisors of the County of Los Angeles this _____ day of _____, 2005.

VIOLET VARONA-LUKENS,
Executive Officer- Clerk of the
Board of Supervisors of the
County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM
BY COUNTY COUNSEL:

By _____

Deputy